

HOUSE BILL ANALYSIS

HB 2177

Brief Description: Authorizing cities and towns to halt consideration of license applications for minicasinos.

Sponsors: Representatives Conway and Clements

Hearing: February 22, 1999

Brief Summary of Bill

- Requires a public involvement and notification process to be completed before the Gambling Commission approves participation in the card room pilot program or grants any subsequent house-banked card room license.
- Allows a city to request that the Gambling Commission postpone consideration of an application for participation in the card room pilot program or subsequent license until April 1, 2000.

BACKGROUND:

Beginning in 1996, a series of changes were made by the Legislature and the Gambling Commission in the operation of licensed card rooms. The number of tables a card room may operate increases from five to fifteen. Card room operators may use different methods to obtain money from card players. They may collect a per hand fee from each player or take a percentage or set amount of the total amount wagered in a game. A third option is to charge players by the hour. Player supported jackpots are authorized allowing players to contribute a separate amount per hand toward a jackpot that can continue to grow until a particular event occurs. The Gambling Commission began a pilot program to gather information about the impact of these new approaches and to determine what regulations need to be in place to adequately regulate the activity.

In 1997, house-bank or player-funded banking games were authorized through legislation and the commission's pilot test was expanded to include this new method of operation.

Information being gathered during this test period is the basis for permanent rules that are currently before the Gambling Commission. The rules are scheduled for adoption and implementation by July 1, 1999.

Card Room Pilot Program Process

To participate in the pilot study, the card room applicant must submit an application to the commission. In most cases, the applicant is a licensed card room that has passed initial review for licensing and is a licensee in good standing. The applicant must enter into a contract with the commission that covers the operation and management of the card room. The contract is approved in a public meeting of the full Gambling Commission. Any review of the applicants activity when moving to a higher wager limit comes before the full commission at a public meeting. The commission meets at different locations around the state for its regularly scheduled monthly public meetings.

No public notice to specific individuals occurs before a license is granted or before participation in the pilot is granted. There are no required public hearings prior to granting a license or participation in the pilot program and no special notice is given to local residents or local governments. Local law enforcement may be contacted during review of an application.

The commission may not deny an otherwise qualified applicant for a license for the purpose of limiting the number of licenses.

Thirty-five card rooms have been approved under the pilot program. The Gambling Commission expects another 35 card rooms will seek authority to operate house-banked games by January 1, 2000, bringing the total to 70.

Local Government Involvement in Gambling Regulation

The Gambling Commission is the exclusive authority for licensing and regulating gambling activities. Cities and counties may pass ordinances only if they are consistent with state gambling laws and commission rules. A city or county may prohibit gambling activity within its jurisdiction but may not change the scope of activity allowed under a state license.

Local law enforcement must agree to a change in the hours of operation for a card room wishing to remain open past 2:00 a.m. The commission requires each card room location to limit its hours of operation to 20 hours per day. Card rooms must close between 2:00 a.m. and 6:00 a.m.

Cities and counties are authorized to tax card room activity.

SUMMARY OF BILL:

Public Notice and Involvement

Before the commission may grant an applicant's request for participation in the house-banked card room pilot program or grant any subsequent house-banked card room license established by the commission, the commission must hold public meetings in the local community affected by the application and must provide for written comments. Notice must be provided to all local media, local law enforcement agencies, other local agencies or organizations that request notice from the commission, residents and property owners within a half-mile radius of the applicant's location, and any churches, schools and public institutions within a half-mile radius of the applicant's location. The applicant must meet with those having reasonable concerns regarding the impact of gambling activity in the area.

Local Government Involvement

The commission must notify city officials when a new application is made for participation in the card room pilot program or for any subsequent house-banked card room license established by the commission. The city may request that no further action be taken on the application or the license. The commission must grant the request and take no further action until April 1, 2000.

Commission authority is clarified to allow the commission to halt action on an application if a request is received from a city to do so.

RULES AUTHORITY: The bill does not contain provisions addressing the rule making powers of an agency.

FISCAL NOTE: Requested February 17, 1999.

EFFECTIVE DATE: The bill contains an emergency clause and takes effect immediately.